



Gas and Oil

Core Services for three major enterprise operations:

•Gas Utility

- Provide price competitive natural gas services to 142,000 residential and business customer accounts in Long Beach and Signal Hill
- Maintain integrity of 1,900 miles of natural gas pipeline through continual reinvestment of ratepayer revenues into maintenance and replacement of aging gas pipelines

•Oil Operations

- Manage the City's and State's onshore/offshore production of oil and natural gas to maximize production in an environmentally safe manner

•SERRF

- Accept local refuse disposal for conversion into electrical power, resulting in lower residential refuse rates in Long Beach than in other cities



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Fiscal Year 12 Accomplishments

- Replaced nearly 20 miles of old pre-1955 gas pipeline and installed over 2,000 new metered services
- Completed over 145,000 service orders for both gas and water customers, including over 6,000 emergency responses
- Produced 12 million barrels of oil with sales revenue of nearly \$500 million, the majority is transferred to the State
- Finalized new revenue sharing oil agreement with the State and Oxy that should increase oil production and generate millions of dollars in new revenue over next ten years



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Fiscal Year 12 Accomplishments *(continued)*

- Processed the 11 millionth ton of refuse at the SERRF plant, converting into enough electricity to power 36,000 homes daily and keeping the refuse from local landfills
- Completed the physical relocation and consolidation of all operations and personnel for Oil Operations, the Utility Call Center, and the Public Works Traffic Division to LBGO's site



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Fiscal Year 12 Accomplishments (*continued*)

•All three enterprise operations generated significant revenue streams for transfers to the General Fund and Tidelands:

- **Gas** \$11.9 million to the General Fund
- **SERRF** \$ 2.5 million to the General Fund
- **Oil** \$31.3 million to the General Fund (Uplands)
 \$57.0 million to the Tidelands Fund

TOTAL REVENUE TRANSFERS - \$102.7 MILLION



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Fiscal Year 13 Gas Operations Priorities

- Focus on pipeline integrity and safety through full compliance with federal “Distribution Integrity Management Plan” (DIMP)
- As part of DIMP, replacement/upgrade of 19.5 miles of pipeline installed in 1920s, 1930s, 1940s, and 1950s
- Implement improved public awareness campaigns such as DigAlert (8-1-1) which helps prevent damage to underground pipeline by marking lines before digging
- Implement a new utility billing system providing more online customer interface and improved service quality



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Fiscal Year 13 Oil Operations Priorities

- Oversee the oil field investments to maximize production and revenues while fully protecting the environment and avoiding subsidence
- Manage \$200 million of oil well relocations to accommodate the Harbor Department's Middle Harbor expansion and the construction of the new Gerald Desmond Bridge



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Fiscal Year 13 Targeted Cuts

- As part of citywide proportional share reductions, saving targets were allocated to certain enterprise operations including LBGO's operations. Reductions offset increasing personnel costs that would otherwise be absorbed by reductions in areas such as pipeline replacement.
- Eliminating a total of 9 positions including one oil manager position, one gas supervisor, four gas field service personnel, one pipeline construction position, one accountant, and one clerk typist.



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FY 13 Proposed Budget Changes

Gas Fund	Impact	Positions
Reduce staffing in field and administrative positions, restructure positions within the Gas Engineering Unit, and implement a new same day fee generating new revenue.	\$ (759,989)	(7.8)

Tidelands Oil Revenue Fund	Impact	Positions
Restructure operational and administrative functions in Oil Operations Bureau, eliminating an Oil Division Engineer (management).	\$ (191,488)	(1.00)